

# Legislative Fiscal Bureau

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*State of Wisconsin*

May 6, 2015

Senator Alberta Darling, Senate Chair  
Representative John Nygren, Assembly Chair  
Joint Committee on Finance  
State Capitol  
Madison, WI 53702

Dear Senator Darling and Representative Nygren:

On January 23, 2015, this office issued general fund tax revenue estimates for 2014-15 and each year of the 2015-17 biennium. Those estimates were \$14,469.8 million for 2014-15, \$15,146.3 million for 2015-16, and \$15,718.8 million for 2016-17. The estimates reflect current law and do not incorporate changes recommended by the Governor in the 2015-17 biennial budget bill (2015 AB 21/SB 21).

In May of each odd-numbered year, this office reviews current year tax collections to date and economic forecasts to determine if adjustments to the January estimates should be made. The timing of that review allows for an examination of tax collection data through April.

For 2014-15, the January estimates projected tax collection growth of 3.7% over 2013-14. Through April, 2015, year-to-date collections are running at 3.3%. As tax processing is completed and the remaining months of collections are realized, the year-to-date growth rate should increase somewhat, and it is possible that 2014-15 collections may exceed the January estimate. However, IHS Global Insight Inc.'s recent forecasts of the U.S. economy have been downgraded from the January forecast, which was used in preparing the current tax revenue estimates. Most significantly, the April forecast of growth in national personal income is lower than the January forecast by 0.5% in calendar year 2015, 0.6% in 2016, and 0.2% in 2017. The forecast of growth in personal consumption expenditures has been decreased by 0.7%, 0.2%, and 0.1%, respectively, for those three years.

Therefore, if there is any additional revenue in the current year, it will likely be offset by

reduced growth rates in 2015-16 and 2016-17. On balance, we believe that the current estimates for the three-year period are still reasonable and should not be adjusted.

We will continue to monitor tax collections data and economic indicators and keep you apprised of any necessary changes to the estimates.

Sincerely,

A handwritten signature in black ink that reads "Bob". The letters are stylized and cursive.

Robert Wm. Lang  
Director

RWL/sas

cc: Members, Wisconsin Legislature